

Marketing Engineering Continuing Education

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In the not too distant past, the mantra for marketing continuing education and distance degree programs was “build it and they will come”. But in today’s complex and highly competitive landscape, organizations must understand and embrace program marketing as an integral part of their strategy and practice. Too often, educational organizations confuse “advertising” with “marketing”, which often produces less-than-desirable results. Today, the more you understand about your organizations marketing objectives, challenges and systems, the better equipped you’ll be to play a hands-on role in making strategic and tactical marketing decisions. This white paper will provide an overview of what it means to be market-driven, effective ways to create market advantages, key elements of a marketing plan and effective use of marketing research, the customer’s perspective on price and value.

Introduction

A couple of years ago one of my colleagues was lamenting low enrollments in a continuing education program he was offering. He was nearing the point where he would have to decide whether to cancel the program or proceed at a financial loss. It was an unfortunate decision as he had invested a great deal of time and effort in developing a program that had a great deal to offer the engineering community. As the discussion progressed, it became clear that my colleague had done little to promote the program to the target audience. He explained that it was an excellent program, the only one of its' kind. He felt that given the quality and applicability of the program, he expected that he would not have to actively market the program – he felt word of mouth should suffice to support the program with adequate enrollments. Unfortunately he was mistaken, and the program has yet to secure sufficient enrollments or achieve business goals.

This story is one version of the “build it and they will come” approach to program marketing. For myriad reasons, practitioners within the engineering continuing education community have relied on unproven or ineffective approaches in program marketing. In today’s complex and highly competitive landscape, organizations must understand and embrace program marketing as an integral part of their strategy and practice. All too often, educational organizations confuse “advertising” with “marketing”, which produces less-than-desirable results. Employing sound marketing practices is critical to achieving the goals and objectives of continuing education organizations. In this white paper, I will present an overview of marketing concepts and how to apply those in effective ways.

First, A Word About Ethics and Social Responsibility

For many, the “marketing” role carries negative connotations. Some associate marketing with deceit, chicanery and exploitation. The stereotypic “used car salesman” for many defines marketing. Unfortunately, these associations prevent educators from using effective marketing practices that could be used to enhance the value they deliver to their service community. Like any other professional endeavor, marketing is bound to a standard of ethical performance. When engaging in marketing activities, you are duty-bound to proceed to the highest standard of service to your customer community, your profession, and society in general. Anything less is unacceptable.

Marketing Defined

“Marketing” is a term commonly used to describe activities that are better defined as advertising. And though advertising is a marketing activity, effective program marketing employs a comprehensive approach to the design, development and execution of continuing education programs. In short, marketing is the process and practice of using exchanges between the organization and potential

customers with the purpose of satisfying customer needs. Two key elements of this definition are the use of “exchanges” and the purpose of “satisfying customer needs”. By definition marketing activities engage the customer to develop products and services that they can employ to satisfy *their* needs.

Marketing consists of three core activities. *Upstream Marketing* is the process of identifying, clarifying and quantifying customer needs, interpreting customer requirements, and developing products and services that create value as defined by the customer. *Downstream Marketing* is the process of communicating with and educating customers so they purchase products that provide value throughout the lifecycle of the customer’s engagement. Advertising and sales are examples of downstream marketing activities. *Customer Relationship Management (CRM)* employs systems, structures and practices that enable productive, on-going engagements between customers and the continuing education provider. CRM supports relationships where both parties derive value from their engagement with the other. So in a practical sense, marketing is a comprehensive series of practices and processes that create, communicate, and deliver customer value, while enhancing the performance of the continuing education provider’s organization.

Marketing as a Strategic Imperative in Learning Organizations

Effective organizations, from a variety of industries, have embraced marketing as a strategic imperative, and as such, marketing activities occur systematically throughout the value chain. In these organizations, marketing reinforces organizational mission, vision, and values, while supporting the achievement of organizational goals and objectives. Marketing is woven into the fabric of the enterprise and is critical to its success. Market-driven learning organizations are fundamentally different from other learning organizations because of the central role customer engagement plays in the work they do. Everything from research and development to customer service is centered about satisfying customer needs.

For many continuing education providers, becoming a market-driven, customer-centric organization requires a significant change in the organizational culture. The first step is probably the most difficult, it requires that the learning organization realize – and admit - that they are not truly customer centric. The second step is to dedicate and transform the organization to deliver value to the customer in ways that satisfy the learning organization’s goals and objectives. In a market-driven learning organization, performance is measured with respect how well they deliver value to both customers and providers.

Customers Defined

Engineering continuing education organizations serve a variety of constituents that have unique and, at times, conflicting interests. Often, program managers

must compromise the needs of one “customer” to satisfy those of another. To be successful the first step is to clearly understand who is your customer. It sounds simple, but when you evaluate the program offerings of many service organizations, you will see that they are not in the business of satisfying the needs of their customers.

Customers can be stratified into three groups. *Primary Customers* are those who purchase and consume your products and services. For most continuing education providers, primary customers include course participants and their employers. *Secondary Customers* are people and groups that are in the provider supply chain. Secondary customers include program staff and faculty, vendors, and other service providers. Secondary customers also include your primary customer’s customers. In general secondary customers are those who directly benefit from your primary customer’s participation. *Tertiary Customers* are those who indirectly benefit from your primary customer’s learning activity. Tertiary customers include the general public, the professional community, the environment, and similar beneficiaries. In general, tertiary customers represent the general good. Though more difficult to define and quantify, continuing education organizations need to understand the impact their activities have on society.

When balancing the exclusive and conflicting needs of customer groups, a good rule of thumb is to first serve your primary customer, then accommodate the needs of your secondary and tertiary customer groups. In the design, development and delivery of continuing education products, primary customers are those who assign value to your products. In this situation, value is defined as customer benefits that outweigh the cost of their acquisition. In a customer-centric organization, customer requirements drive organizational behavior, are the basis for products and services, and are the source of metrics used to manage organizational performance.

For an organization to behave in a customer-centric manner, it must first optimize the connection between customer requirements and business activities. Customer requirements should be the predominant consideration in product design and configuration. The selection of features and pricing are a function of what the customer needs and the value they assign to satisfying those needs. Similarly your promotion plan should be driven by your customers’ situation. The messages you create, where they are placed, and how they are delivered should be driven by your knowledge of what is the most effective means to engage customers. Finally, how the organization manages performance and provides customer service should be measured with the “customer’s yardstick”.

Developing a Marketing Plan

As with any organizational activity, planning is critical to the success of marketing activities. The planning process involves four main steps. The first is research,

the collection and management of data. As with any research activity, the goal is to formulate a plan to answer questions; in this case regarding what the customer needs, how best to satisfy those needs, and how best to communicate with them. The key to success is in knowing to ask the right question. Too often we ask general questions that skirt the issue. Questions such as, “Would you have interest in a program on project management?” do not provide adequate information with respect to the customers’ perceived level of need or their willingness to solve a problem. In practice, questions such as, “Would your employer financially support your attending a program on project management?” provide far greater information as to the depth of the problem and the value a solution has to the organization.

Analysis of the research data is the second step in the planning process. Data from phase one is the raw material from which insight is drawn. Your analysis should provide the organization with insight into the attitudes and motivations of individuals and populations you wish to serve. In addition to quantitative and qualitative data, your analysis should include the impact of market forces, and cultural and situational factors. Market forces include elements such as the economy, technology trends, the regulatory environment and the competitive marketplace in which your customer plays. Cultural and situational factors include elements such as the demographics, ethnographics and psychographics of the customer population – who they are, where they reside, what they like, and what do they value are important questions. The product of research analysis is a prioritized list of customer requirements.

The prioritized list of customer requirements provides the foundation for the product development and refinement phase. Customer requirements define the scope and boundaries for product ideation, and a benchmark against which the learning organization makes decisions with regard to the design, configuration, and communication of the products and services they are to provide. The list provides a foundation to clarify, assess and stratify ideas and an unbiased tool to validate ideas when conceived as products.

The final phase of the marketing process is developing and executing the go-to-market strategy. It is in this phase where advertising and sales activities occur; yet there is so much more that happens. Go-to-market strategies must create value for buyers and markets. It is in this critical phase where the customers’ purchasing decision process meets the organization’s value proposition. How the customer perceives the value of the product and services will determine their willingness to purchase. The effectiveness of the go to market strategy lies not only in the quality of the plan but equally in the execution of the tactical elements.

Optimizing The Go-To-Market Strategy

Often people are looking for a “marketing recipe” that will provide them with the list of activities that will guarantee them success in the marketplace.

Unfortunately, no such recipe exists. Go-to-market strategy development is driven by the ever-changing requirements of your primary customers. To be most effective, the go-to-market strategy will align to how customers make purchasing decisions with product and service messages.

The first step of the process is understanding the perception of need. Until the customer recognizes a need, and assigns value to satisfying the need, they will not purchase products or services. Once a need is recognized the customer will weigh the value of need satisfaction is weighed against the relative cost of the solution, while the risk of not satisfying the need is weighed against the benefits the customer will derive. Marketing activities in this phase of the customers' purchasing decision-making process are aimed at helping them to recognize and clarify needs. Marketing communications that educate and inform are particularly effective in this phase.

In the second phase of the purchase decision process, customers weigh alternative means to resolve their unmet need. Typical decisions in this phase are repair or replace, buy or build, and insource or outsource. The role of go-to-market activities in this phase is to help the customer choose, from among myriad options, the solution that best meets their need within the criteria they have established to decide. In this phase, go-to-market activities that provide the customer with information and decision-making tools are most effective. The goal is to help the customer make an informed decision that will best support their organizational goals and objectives.

The output from the weighing of alternatives is the customers' commitment to a purchase decision. In this phase the customer commits to a provider, executes the purchase, and reaffirms their purchase decision. Throughout this phase, the customer will evaluate the provider's performance at satisfying unmet needs and determine whether to continue the relationship or seek alternatives. The purchase decision is based on a number of factors. These include the technical quality of the proposed solution in meeting the need, psychological influences such as motivation and values, and socio-cultural influences such as status and affiliation derived from being associated with the product or provider. In this phase, sales and marketing activities are directed at supporting the customer through the purchase decision.

Managing Competition

Go-to-market activities have the purpose creating a competitive advantage for the continuing education provider. The portfolio of products and services offered by the provider organization exists within a marketplace with direct and indirect competitors for customer resources. Direct competitors are just that, providers who offer products and services similar to those of the provider organization. For example, your organization may provide training in project management, as does your competitor. Direct competitors also those who have alternative solutions to

the same problem. In this case your solution to a customer need may be to develop an internal talent pool capable of solving a technical problem, where a direct competitor may provide an external service center where the customer can purchase the services they need to solve their problem. Also competing for scarce customer resources are indirect competitors. Indirect competitors are other customer needs that compete for limited customer resources. Customers often must decide between competing needs, and determine which will have the greatest impact on their organization. Do I train my staff, or do I purchase a new machine? Tough choice.

In all cases, marketing activities that manage competition are directed at creating an advantage for the provider's organization. Product differentiation is the means to create a competitive advantage. Products and services can be differentiated in any number of ways including feature sets, price, performance, availability, and so forth. Most important to any differentiation strategy is how customers assign value to the various characteristics of competing product and services.

Product differentiation and competitive presence takes four forms. In all marketing activities, from product development through marketing communications, the competitive position of your product portfolio will dictate your approach to the market.

The first competitive position is *Competitive Uniqueness*. In this situation, only you provide a product or service. Customers purchase from you when they have needs that are satisfied by your product offering. In this situation, value is derived from *innovation*, the unique way in which you solve the problem.

The second competitive position is *Competitive Advantage*. In this situation, you provide a product or service that are superior to other competitors. Customers buy your products and services when they believe your offering better satisfies needs than those of others. From a position of competitive advantage, value is primarily derived from *quality and performance*, how well you solve the problem.

The third competitive position is *Competitive Parity*. In this situation, you provide a product or service that is roughly equal to those offered by competitors. Customers buy your products and services from you based on price or the cost of acquisition, and are unable to differentiate on the basis of quality or performance. Here, value is derived from *price*, the cost of doing business with you compared to others.

The fourth and final competitive position is *Competitive Disadvantage*. In this situation, you provide a product or service that is inferior to those offered by competitors. Customers buy your products and services on the basis of convenience; they believe the ease of acquiring your product outweighs the advantages of the competition. When at a disadvantage, value is primarily derived from *convenience*, how easy it is to do business with you.

As you can see from this discussion, the competitive position of your product portfolio determines how to position, place and price your product in the marketplace. Similarly, your competitive presence will determine how you communicate the value proposition of your product to your customers. Similarly, your assessment of your competitive position should be communicated to your internal constituents to aid in making business decisions.

Understanding the competitive profile of your product should guide new product development, and go-to-market strategies. Products that are unique in their market are usually not unique for long. To maintain a competitive uniqueness, organizational assets must be directed at product development activities that create unique and innovative ways to satisfy customer needs. Market research and competitive intelligence must be directed at clearly understanding customer needs, the implications on their organizations, and the benefits derived from need satisfaction. Downstream activities are directed at how your unique approach solves problems.

For products that perform better than those of competitors, the challenge is to maintain your edge – as competitors continually improve their offering. To maintain your advantage, you must engage customers to identify new and better ways to solve problems. Creating problem solutions that outperform those of your competitor. Downstream messaging is directed at the added value of quality, and should include implications for your customers' customers.

When products are relatively equal – price becomes the primary metric in customer decisions. In the price game there are two strategies an organization can employ to be competitive. The first is to become more productive, reduce the cost of producing the product, and transfer the cost savings to the customer. As price competition escalates organizations will face continuing price pressure, and their ability to manage cost will determine if they stay in business. A more effective strategy is to invest in product innovation that creates a competitive advantage or uniqueness. In parity, downstream activities are directed at managing cost, maintaining competitive pricing, and identifying opportunities to innovate products.

When at a disadvantage, an efficient supply chain is the real product you offer. This is a tenuous situation, for as soon as a competitor figures out how to be as efficient and effective as you, you are likely to lose customers. Your decision is to innovate your products, or continually innovate your supply chain to maintain your convenience edge. Downstream activities are all about customer support and service and the value customers derive from that level of service. Creating and maintaining a superior customer experience is what it is all about.

Putting It Together

Making the change to a customer centric organization is no easy task. For many continuing education organizations, the systems and structures primarily serve the needs of the institution or the faculty. Putting the customer first substantially changes the nature of the organization and how it relates to external constituents. In reality, this transformation is a long journey, but one worth taking.

One of the first steps is to visualize the ideal customer. With that picture in your mind, ask yourself how you would engage your customer and similar customer to determine their needs. Develop a plan to extend your research to include developing an understanding of whom they are, where they work, how best to communicate with them, what criteria they use to make decisions, and the value they place in continuing education.

With your research plan in place, systematically collect customer requirements, and engage your customers as you prioritize them. From the prioritized list of requirements, design your products and services to optimize need satisfaction. In the same way, use their criteria, as you develop your marketing communications plan. Finally, use your set of customer-based criteria to develop performance metrics against which you measure the execution of your plan. If you take these simple steps, you will improve the quality of your programs and services as well as your business performance.